

**LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
LOUISIANA DEPARTMENT OF HEALTH
AND HOSPITALS
METAIRIE, LOUISIANA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

**LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
STATE OF LOUISIANA
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JUNE 30, 2012**

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Louisiana State Board of Embalmers
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Department of Health and Hospitals
State of Louisiana
Metairie, Louisiana

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying basic financial statements of the business-type activities of the Louisiana State Board of Embalmers and Funeral Directors, a component unit of the State of Louisiana, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Louisiana State Board of Embalmers and Funeral Directors' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note A, the financial statements of the Louisiana State Board of Embalmers and Funeral Directors, a component unit of the State of Louisiana, are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities. They do not purport to, and do not, present fairly the financial position of the State of Louisiana, as of June 30, 2012, and the changes in financial position and cash flows, for the year ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Louisiana State Board of Embalmers and Funeral Directors as of June 30, 2012, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

In accordance *Government Auditing Standards*, we have also issued a report dated on August 13, 2012, on our consideration of the Louisiana State Board of Embalmers and Funeral Directors' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of the audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 3 through 6 and 20 through 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting or placing the basic financial statements to an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented in all material respects in relation to the financial statements as a whole.

Baxley & Associates, LLC

Plaquemine, Louisiana
August 13, 2012

**LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
Department of Health and Hospitals
State of Louisiana
Management's Discussion and Analysis**

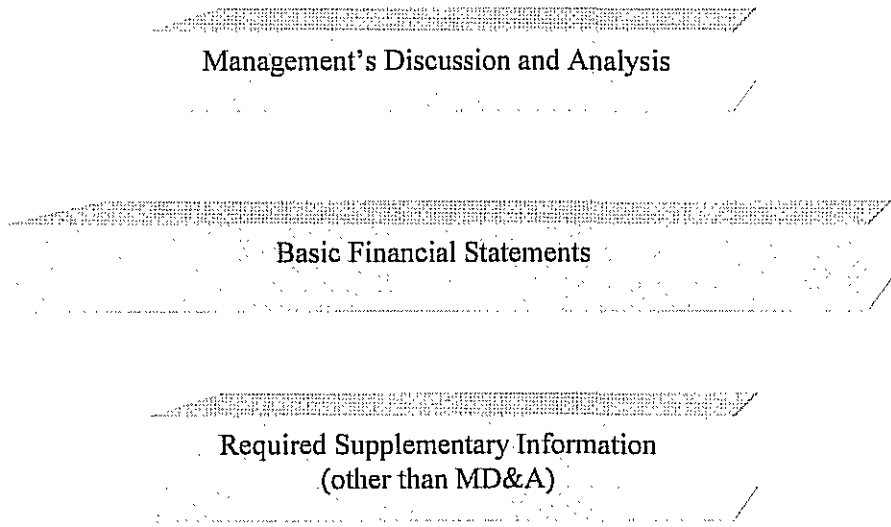
The Management's Discussion and Analysis of the Louisiana State Board of Embalmers and Funeral Directors' financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended June 30, 2012. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the transmittal letter and the Board's financial statements.

FINANCIAL HIGHLIGHTS

- ★ The Board's assets exceeded its liabilities at the close of fiscal year 2012 by \$398,853, which represents a .0004% decrease from the lat fiscal year. The net assets decreased by \$171.
- ★ The Board's revenue decreased by \$7,855 (or 1.7%) and the net results from activities increased by \$103, 583 (or 94.7%).

OVERVIEW OF FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments*.



Management's Discussion and Analysis

Basic Financial Statements

**Required Supplementary Information
(other than MD&A)**

These financial statements consist of three sections – Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

**LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
Department of Health and Hospitals
State of Louisiana
Management's Discussion and Analysis**

Basic Financial Statements

The basic financial statements present information for the Louisiana State Board of Embalmers and Funeral Directors as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets (page 8) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Board is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 9) presents information showing how the Board's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (page 10) presents information showing how the Board's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE BOARD

Statement of Net Assets
as of June 30, 2012 and 2011

	Total	
	2012	2011
Current and other Assets	\$ 565,374	\$ 568,738
Capital assets	13,473	17,961
Total assets	578,847	586,699
Other Liabilities	23,338	37,315
Long-term debt outstanding	156,656	150,360
Total liabilities	179,994	187,675
Net Assets:		
Invested in capital assets, net of debt	13,473	17,961
Restricted	-	-
Unrestricted	385,380	381,063
Total net assets	\$ 398,853	\$ 399,024

**LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
Department of Health and Hospitals
State of Louisiana
Management's Discussion and Analysis**

Restricted net assets represent those agents that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Net assets of the Board decreased by \$171 from June 30, 2011 to June 30, 2012. The primary reason is due to the increase in licenses and permits and the decrease in legal fees from the prior year.

Statement of Revenues, Expenses, and Changes in Fund Net Assets
for the years ended June 30, 2012 and June 30, 2011

	<u>Total</u>	
	<u>2012</u>	<u>2011</u>
Operating revenues	\$ 459,595	\$ 453,690
Operating expenses	<u>(465,415)</u>	<u>(563,093)</u>
Operating income (loss)	<u>(5,820)</u>	<u>(109,403)</u>
Non-operating revenues	5,649	13,760
Non-operating expenses	<u>-</u>	<u>-</u>
Income (loss) before transfers	<u>(171)</u>	<u>(95,643)</u>
Transfers in	-	-
Transfers out	<u>-</u>	<u>-</u>
Net increase (decrease) in net assets	<u><u>(171)</u></u>	<u><u>(95,643)</u></u>

The Board's total revenues decreased by \$2,206 (or 4.7%). The total cost of all programs and services decreased by \$97,678 (or 17.3%).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year ended June 30, 2012, the Board had \$13,473 invested in a broad range of capital assets, including furniture and equipment. This amount represents a net decrease of \$4,488, or 25.0%, over last year.

**LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
Department of Health and Hospitals
State of Louisiana
Management's Discussion and Analysis**

**Capital Assets at June 30, 2012
(Net of Depreciation)**

Furniture and Equipment	\$13,473
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There were no additions or deletions during the year ended June 30, 2012.

Debt

The Board did not have any bonds or notes outstanding at the end of the fiscal year. The only significant liabilities were in the form of compensated absences and other postemployment benefits.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

The fiscal year 2011 annual budget was approved by the board at the December 9, 2010, and the amended budget was adopted on January 25, 2012.

Revenues were approximately \$38,700 over budget and expenditures were more than budget due in part to OPEB Liabilities and Legal expenses.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Board's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees:

- Legal expenses
- OPEB Liabilities
- Salaries

The Board expects that next year's results will improve based on the following:

- Increase in the number licenses and permits issued
- Decreased legal expenses

CONTACTING THE LOUISIANA BOARD OF EMBALMERS AND FUNERAL DIRECTORS' MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the Louisiana State Board of Embalmers and Funeral Directors' finances and to show the Board's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Kim Michel, Executive Director of the Louisiana State Board of Embalmers and Funeral Directors, at (504) 838-5109.

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2012

ASSETS

Current assets

Cash and cash equivalents	\$ 8,410
Investments	555,742
Receivables	500
Prepaid expenses	722
Total current assets	<u>565,374</u>

Non-current assets

Capital assets, net of depreciation	<u>13,473</u>
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TOTAL ASSETS \$ 578,847

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 21,369
Current portion of long-term liability -	
Accrued compensated absences	<u>1,969</u>
Total Current Liabilities	<u>23,338</u>

Noncurrent Liabilities:

Accrued compensated absences	12,904
OPEB payable	<u>143,752</u>
Total Noncurrent Liabilities	<u>156,656</u>

Total Liabilities 179,994

Net Assets

Invested in capital assets	13,473
Unrestricted net assets	<u>385,380</u>
Total Net Assets	<u>398,853</u>

TOTAL LIABILITIES AND NET ASSETS \$ 578,847

The accompanying notes are an integral part of this financial statement.

EXHIBIT B

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012**

OPERATING REVENUES

Licenses, permits, and fees	\$ 459,595
Total Operating Revenues	<u>459,595</u>

EXPENSES

Personnel services	211,544
Travel	42,478
Operating services	43,862
Supplies	11,642
Professional services	151,401
Depreciation	<u>4,488</u>
Total Operating Expenses	<u>465,415</u>

OPERATING INCOME **(5,820)**

NON-OPERATING REVENUES (EXPENSES)

Use of money and property	5,058
Other revenues	<u>591</u>
Total Non-operating Revenues	5,649

Change in net assets **(171)**

Total net assets - beginning of year **399,024**

Total net assets - end of year **\$ 398,853**

The accompanying notes are an integral part of this financial statement.

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 459,595
Cash paid to suppliers for goods and supplies	(252,409)
Cash paid to employees for services	(216,920)
Net cash provided (used) by operating activities	<u>(9,734)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Other non-operating revenue	<u>591</u>
Net cash provided by non-capital financing activities	591

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(1,490,555)
Sales of investments	934,812
Interest earned	<u>5,058</u>
Net cash provided by investing activities	<u>(550,685)</u>

Net increase in cash (559,828)

Cash, beginning of year 568,238

Cash, end of year \$ 8,410

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income (loss)	\$ (5,820)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	4,488
(Increase) in prepaid expenses	(722)
(Decrease) in accounts payable and other accruals	(13,711)
Increase in compensated absence payable	2,732
Increase in OPEB payable	<u>3,299</u>
Net cash used by operating activities	<u><u>\$ (9,734)</u></u>

The accompanying notes are integral part of this financial statement.

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

The Louisiana State Board of Embalmers and Funeral Directors is a component unit of the State of Louisiana created under the provisions of the Louisiana Revised Statute 37:831-861, within the Department of Health and Hospitals, and is domiciled in Metairie, Louisiana. The board consists of nine members appointed by the governor. The board shall include four licensed embalmers and four licensed funeral directors, all of whom shall have had experience in their respective professions for at least five years. The board shall also include one member who shall be sixty years of age or over and who shall serve as a representative of the elderly consumers of Louisiana. The elderly member shall not be actively engaged in nor shall he be retired from the occupation, profession, or industry of funeral directors or embalmers. The members may receive a per diem not to exceed \$100 per meeting or day spent on business of the board, plus travel expenses. The board is charged with the responsibility of licensing and regulating embalmers, funeral directors, and funeral homes within the State of Louisiana. Operations of the board are funded through self-generated revenues.

2. Basis of Presentation

The financial statements of the Board are prepared in accordance with accounting principles generally accepted in the United States of America. The Board's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Board may also apply all FASB pronouncements or interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

3. Reporting Entity

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The board is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the board members and public service is rendered within the state's boundaries. The accompanying financial statements present only transactions of the Louisiana State Board of Embalmers and Funeral Directors. Annually, the State of Louisiana issues basic financial statements, which include the activity contained in the accompanying financial statements.

4. Fund Accounting

All activities of the board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Basis of Accounting

The accounting and financial reporting treatment applied to the board is determined by its measurement focus. The transactions of the board are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Assets. Net Assets are segregated into invested in capital assets and unrestricted net assets.

6. Budget Practices

Annually, the board adopts a budget as prescribed by Revised Statute 39:1331-1342. The budget for fiscal year ended June 30, 2012 was adopted on December 9, 2010, and the amended budget was adopted on January 25, 2012. The budgets were prepared on the modified accrual basis of accounting. Although budget amounts lapse at year-end, the board retains its unexpended net assets to fund expenditures of the succeeding year.

7. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Board considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include petty cash, demand deposits, and time certificate of deposits. Under state law, the board may deposit funds in a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the board may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

8. Investments

Under state law, the Board may invest United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at market value.

9. Capital Assets

Capital assets are recorded at cost, if purchased or constructed. Assets acquired through contributions are capitalized at their estimated fair value, if available, or at estimated fair value or cost to construct at the date of the contribution. Furniture and equipment and automobiles include all items valued over \$5,000. Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

Automobiles	5 Years
Furniture and Equipment	10 Years

10. Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2012, there were no amounts considered to be uncollectible.

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

12. Compensated Absences

Employees earn and accumulate annual and sick leave at various rates, depending on their years of service. Each employee may accumulate an unlimited amount of vacation and sick leave. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at their current rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits. Compensated absences are computed in accordance with GASB Codification Section C60, and are recognized as an expense and liability in the financial statements when incurred.

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned. Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. Compensatory leave is computed in accordance with GASB Codification Section C60.105, and is recognized as an expense and liability in the financial statements when incurred.

13. Net Assets

Net assets comprise the various net earnings from operation, non-operating revenues, expenses and contributions of capital. Net assets are classified in the following components:

Invested in capital assets – Consists of all capital assets, net of accumulated depreciation.

Restricted net assets – Net assets are reserved by external sources, such as banks or by law, and are reported separately as restricted net assets.

Unrestricted net assets – Consists of all other net assets that are not included in the other categories previously mentioned.

14. Revenues and Expenses

Revenues and expenses are recorded on the accrual basis of accounting. Revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred.

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Board. Operating revenues consist primarily of licenses, renewals, disciplinary fines. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the Board's policy to apply those expenses to restricted net assets to the extent such are available and then to unrestricted assets.

NOTE B – CASH AND CASH EQUIVALENTS & INVESTMENTS

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent banks. The fair value of the pledged securities plus the federal security must at all times equal the amount on deposit with the fiscal agents. At June 30, 2012, the board has \$19,659 in deposits of cash and cash equivalents (collected bank balances) that were insured by FDIC in the amount of \$250,000.

Investments of the Louisiana Board of Embalmers and Funeral Directors consist of certificates of deposit and money market funds. These securities are stated at their fair value as required by GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*. The Board used quoted market values to determine fair value of the investments.

Interest Rate Risk – The Board has adopted the state investment policy at LA RS 49:327. The Board invests in investments with maturities limited to two years as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk – Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. The Board invests in certificates of deposits and money market funds that are backed by FDIC and pledged securities. The Board has adopted the state investment policy at LA RS 49:327 and does not have any other policy that would further limit the investment choices. As of June 30, 2012, \$121,037 of the Board's balances of \$555,742 investments were exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent.

Concentration of credit risk – The Board places no limits on the amount that they may invest in any one issuer.

The Louisiana Board of Embalmers and Funeral Directors had the following investments at June 30, 2012:

Descriptions	Cost	Fair Value	Maturity Date	Interest Rate
Certificates of Deposit - various banks	\$ 498,027	\$ 498,027	2012-2013	0.15% - 1.51%
Money Market Fund - First NBC Bank	57,715	57,715		0.32%
Total Investments	<u>\$ 555,742</u>	<u>\$ 555,742</u>		

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE B – CASH AND CASH EQUIVALENTS & INVESTMENTS (CONTINUED)

Certificates of Deposit

At June 30, 2012, the Board held certificates of deposit, with an original maturity greater than 90 days, totaling \$498,027. These investments are stated on the balance sheet (carrying value) at market value.

Money Market Fund

The Board had investments in a money market fund with First NBC Bank totaling \$57,715.

The deposits (cash and cash equivalents & investments) at June 30, 2012 consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Total
Deposits per Balance Sheet (Reconciled bank balance)	\$ 8,310	\$ 555,742	\$ 564,052
Deposits in bank accounts per bank	\$ 19,659	\$ 555,742	\$ 575,401
Bank balances exposed to custodial credit risk:			
a. Uninsured and uncollateralized	\$ -	\$ -	\$ -
b. Uninsured and collateralized with securities held by the pledging institution	-	-	-
c. Uninsured and collateralized with securities held by the pledging institutions's trust department or agent, but not in the entity's name	-	121,037	-

NOTE C – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Furniture and Equipment	\$ 22,438	\$ -	\$ -	\$ 22,438
Less Accumulated Depreciation	(4,477)	(4,488)	-	(8,965)
Net Capital Assets	\$ 17,961	\$ (4,488)	\$ -	\$ 13,473

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE D – RETIREMENT SYSTEM

Substantially, all employees of the Board belong to the Louisiana State Employees Retirement System (LASERS), a single-employer defined benefit pension plan. The System is a statewide employee retirement system and is available to all eligible employees. The System published annual financial reports that include detailed historical, financial, and actuarial information.

All full time board employees are eligible to participate in the System. Benefits vest with 10 year of service. Generally, at retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months average salary multiplied by their years of service, except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to participate before July 1, 2006 are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of ten years of services.

The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana, 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the board is required to contribute at an actuarially determined rate as required by Revised Statute 11:102. The board's contribution rate for the fiscal years ended June 30, 2012, 2011, and 2010, were 25.6%, 22%, and 18.6%, respectively, of annual covered payroll. The board's contributions to the System for the years ending June 30, 2012, 2011, and 2010 were \$42,385, \$42,650, and \$39,822, respectively, which are the required contributions for each year.

NOTE E – EMPLOYEE BENEFITS - OTHER POST-EMPLOYMENT BENEFITS

The Board may provide certain continuing health care and life insurance benefits for its retired employees through the Louisiana Office of Group Benefits. Substantially all employees become eligible for those benefits if they reach normal retirement age while working for the Board and were covered by the Board's active medical plan immediately prior to retirement. Those benefits include joint payment of monthly premiums for the coverage provided.

Plan Description. The State of Louisiana's Other Post-Employment Benefit Plant (OPEB Plan) is an agent multiple-employer plan administered by the Louisiana Office of Group Benefits (OGB). There are three plans available to eligible retirees for health care- OGB Preferred Provider Organization (PPO), Humana Health Maintenance Organization (HMO) and United Exclusive Provider Organization (EPO). Participants eligible for Medicare coverage can choose one of two OGB Medicare Advantage Plans, either an HMO or private fee-for-service (PFFS) plan. Life insurance benefits include basic term life, basic plus supplemental term life, dependent term life and employee accidental death and dismemberment coverage. The policy is underwritten by The Prudential

Insurance Company of America.

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE E – EMPLOYEE BENEFITS - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

LRS 42:801-883 provides for the authority under which benefit provisions are established and may be amended. The OGB does not issue a stand-alone report; however, it is included in the Louisiana Comprehensive Annual Financial Report (CAFR). The CAFR may be obtained from the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap, writing to P. O. Box 94095, Baton Rouge, LA 70804-9095 or by calling 225-342-0708.

Funding Policy. LRS 42:801-883 provides for the authority under which the obligations of the plan members and the system are established and may be amended. For employees hired prior to January 1, 2002, the cost of coverage is shared 25% by the participant and 75% by the Board with the exception of single retirees under age 65. He/she must pay 25% of the active employee cost. Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate based on his/her years of service at retirement (under 10 yrs. - 81%; 10-14 yrs. - 62%; 15-19 yrs. - 44%; 20+ yrs. - 25%). A lifetime maximum for healthcare benefits is set at \$5,000,000 for the PPO, HMO, and EPO plans. The retiree must pay 50% of the life insurance premiums for him or herself and 88% for his/her spouse. Maximum coverage is capped at \$50,000.

Premiums paid for healthcare coverage vary depending on the plan chosen. For the year ended June 30, 2011, this amount ranges \$315 to \$341 per month for single members with Medicare or \$969 to \$1,049 per month without Medicare.

Premiums paid for retiree and spouse range from \$1,164 to \$1,261 per month for those with Medicare or \$1,710 to \$1,853 per month for those without Medicare. The rates for retirees with children are slightly higher than the single rates and family coverage is slightly higher than the retiree/spouse rates. The plan is currently financed on a pay-as-you-go basis by the Board.

OPEB Cost/Obligation. The Board's Annual Required Contribution (ARC) is an amount actuarially in accordance with GASB 45. The Annual Required Contribution (ARC) represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the year beginning July 1, 2011, is as follows:

Annual OPEB Expense and Net OPEB Obligation

Fiscal Year Ending	6/30/2012
Net OPEB Obligation at June 30, 2011	<u>\$ 140,453</u>
Annual Required Contribution	21,500
Interest on Net OPEB Obligation	5,600
ARC Adjustment	<u>(5,400)</u>
Annual OPEB Expense	21,700
Contributions made	<u>(18,401)</u>
Net OPEB Obligation at June 30, 2012	<u><u>\$ 143,752</u></u>
Percentage of Annual OPEB Cost Contributed	84.80%

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE E – EMPLOYEE BENEFITS - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funding Status and Funding Progress. As of June 30, 2012, the Board had made no contributions to its post-employment benefits plan trust. Thus, it has no plan assets and a funding ratio of zero. Funding status and progress is summarized below:

Actuarial accrued liability (AAL)	\$ 250,800
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 250,800
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (annual payroll of active employees covered by the plan)	130,000
UAAL as a percentage of covered payroll	193%

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 9.5% and 10.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2012, was thirty years.

NOTE F – LEASE AND RENTAL COMMITMENTS

The Board leases its office space from National Properties for a period of three years commencing March 1, 2010 for \$2,342 per month. The Board leases a postage scale from Mail Finance for \$241 per month with the lease expiring on July 1, 2012. The Board has a lease for a copier from OCE Imagistics, Inc. for \$230 per month and expiring on October 31, 2013. Lease and rental expenses for the year ended June 30, 2011 totaled \$34,279.

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE F – LEASE AND RENTAL COMMITMENTS, (CONTINUED)

The continuing obligations for operating leases at June 30, 2012 is as follows:

	Office Space	Equipment
FY 2013	\$ 18,734	\$ 2,760
FY 2014	-	920
FY 2015	-	-
FY 2016	-	-
	<u>\$ 18,734</u>	<u>\$ 3,680</u>

NOTE G – PAYABLES

At June 30, 2012, the board had payables totaling \$21,369 as follows:

Accounts payable	\$ 13,683
Accrued wages and benefits payable	7,686
Total payables	<u>\$ 21,369</u>

NOTE H – COMPENSATED ABSENCES

A summary of the changes in compensated absences is as follows:

	Balance 6/30/11	Additions	Reductions	Balance 6/30/12	Amounts Due Within One Year
Compensated Absences	\$ 12,141	\$ 2,732	\$ -	\$ 14,873	\$ 1,969

NOTE I – SUBSEQUENT EVENTS

These financial statements considered subsequent events through August 13, 2012, the date the financial statements were available to be issued.

NOTE J – LITIGATION

There continues to be a lawsuit which remains as a pending matter, in which the Board has been named a defendant, entitled *Casket Royale, Inc. and Casket Stores of America, LLC and Jerald H. Womack vs. Louisiana State Board of Embalmers and Funeral Directors, et al.* Under court rules, the matter may be placed upon the call docket by either party at any time; however, as of the August 13, 2012, the proceedings continue to remain inactive.

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE J – LITIGATION, (CONTINUED)

The Board has also been named a defendant in an action entitled *St. Joseph Abbey and Mark Coudrain vs. Paul "Wes" Castille, Oscar A. Rollins, Belva M. Pichon, Wall V. McKneely, Margaret Shehee, Kelly Rush Williams and Louis Charbonnet, in their official capacities as Members of the Louisiana State Board of Embalmers and Funeral Directors*. This matter was tried before the court on June 6, 2011, however judgment was not rendered at that time. A judgment was rendered on July 21, 2011 in favor of St. Joseph Abbey and Mark Coudrain and against all named Board Members. A Notice of Appeal has been filed, and the Board intends to appeal the Court's Judgment to the United States Court of Appeal for the Fifth Circuit seeking a reversal. The Board is adequately covered by insurance.

No adjustments have been made to the financial statements.

NOTE K – RELATED PARTY TRANSACTIONS

There were no related party transactions for the year ended June 30, 2012.

SUPPLEMENTAL INFORMATION

SCHEDULE 1

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Board Members</u>	<u>Amount</u>
Louis Charbonnet, III	\$ 400
Craig G. Gill	2,400
Andrew W. Hayes	1,400
Wall V. McKneely	700
Patrick Sanders	700
Belva M. Pichon	700
Kelly Rush	1,300
Margaret Shehee	1,800
Paul W. Castille	<u>1,500</u>
Total	<u>\$ 10,900</u>

The schedule of per diem paid to board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 37:838. Board members are paid \$100 per day for board meetings and official business.

BAXLEY AND ASSOCIATES, LLC

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Hugh F. Baxley, CPA/CVA/PFS/FCPA
Margaret A. Pritchard, CPA

Staci H. Joffrion, CPA

SCHEDULE 2

Board of Directors
Louisiana State Board of Embalmers
And Funeral Directors
Department of Health and Hospitals
State of Louisiana
Metairie, Louisiana

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the business-type activities of the Louisiana State Board of Embalmers and Funeral Directors, a component unit of the State of Louisiana, as of and for the year ended June 30, 2012 and have issued our report thereon dated August 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Louisiana State Board of Embalmers and Funeral Directors is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Louisiana State Board of Embalmers and Funeral Directors' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana State Board of Embalmers and Funeral Directors' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana State Board of Embalmers and Funeral Directors' internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed in to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting (2012-1, 2012-2, and 2012-3). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

SCHEDULE 2, CONTINUED

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana State Board of Embalmers and Funeral Directors' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Louisiana State Board of Embalmers and Funeral Directors' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Louisiana State Board of Embalmers and Funeral Directors' response and, accordingly, we express no opinion of it.

This report is intended solely for the information and use of the management, others within the organization, the Louisiana State Board of Embalmers and Funeral Directors, and federal award agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Baxley & Associates, LLC

Plaquemine, LA
August 13, 2012

**LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

Type of auditor's report issued: Unqualified

Compliance: No instances of noncompliance were identified.

Internal control over financial reporting: Significant deficiencies identified.

2012-1: LACK OF CONTROLS OVER FINANCIAL REPORTING IN ACCORDANCE WITH GAAP

Condition:

The District does not have employees with sufficient expertise and training to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a repeat finding.

Criteria:

Year-end adjusting journal entries were not made to the financial statements to ensure that the statements were prepared in accordance with generally accepted accounting principles.

Effect:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the Board's annual financial statements. This condition is intentional by management based upon the Board's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued Statement on Auditing Standards (SAS) 112 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation:

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 112. In this case we do not believe curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Management's Response:

In response to the concerns about the Board's lack of control over financial reporting in accordance with GAAP, the Board has decided that the most cost beneficial solution is to have a yearly audit instead of the required review and have the auditors prepare the year end adjustments, financial statements and notes in accordance with GAAP.

**LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

2012-2: SEGREGATION OF DUTIES

Condition:

The Louisiana State Board of Embalmers and Funeral Directors does not have an adequate segregation of duties at its office. While we recognize that the Board may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition.

Criteria:

An important element in designing an internal accounting control system that safeguards assets and reasonably insures the reliability of the accounting records is the concept of segregation of responsibilities.

Effect:

No one person should be assigned duties that would allow that person to commit an error or perpetrate fraud and to conceal the error or fraud. For example, the same person should not be responsible for any two of the following functions: (1) authorization of a transaction, (2) recording of the transactions, or (3) custody of assets involved in the transaction.

Recommendation:

The entity should have a proper segregation of duties.

Management's Response:

In response to the segregation of duties, the Board is a small agency and the cost for hiring additional employees is not beneficial. Controls have been implemented by dividing responsibilities between the employees and the Board reviews the invoices and financial statements.

2012-3: TRAVEL & CONFERENCES

Condition:

It was noted that several travel expense payments lacked proper documentation.

Criteria:

Travel disbursements should be supported by an invoice or a record of the date, location, and mileage traveled for each business trip or business errand.

Effect:

Inadequate documentation is evident of a lack of internal controls over disbursements.

Recommendation:

All travel disbursements should be properly supported. Documentation includes mileage sheets, hotel receipts, seminar registration form, credit card slips with detailed supporting documentation, etc. These sources should verify the date, payee, amount, and purpose of travel.

**LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

2012-3: TRAVEL & CONFERENCES (CONTINUED)

Management's Response:

Documentation for travel was not adequately provided in a timely manner. A corrective measure has been implemented with the requirement of a daily log of travel and recorded transactions are to be submitted weekly for review.

LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

2011-1: LACK OF CONTROLS OVER FINANCIAL REPORTING IN ACCORDANCE WITH GAAP

Criteria:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the Board's annual financial statements. This condition is intentional by management based upon the Board's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued Statement on Auditing Standards (SAS) 112 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical. (This is a repeat finding.)

Recommendation:

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 112. In this case we do not believe curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Current Status:

The above condition still exists. This is a repeat finding.

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2012

C O N T E N T S

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STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ended June 30, 2012

Louisiana State Board of Embalmers and Funeral Directors
P.O. Box 8757
Metairie, LA 70011

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

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1201 N. Third Street
Claiborne Building, 6th Floor, Suite 6-130
Baton Rouge, Louisiana 70802

Physical Address:
1600 N. Third Street
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, Kim Michel, Executive Director, of the Louisiana State Board of Embalmers & Funeral Directors who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Louisiana State Board of Embalmers and Funeral Directors at June 30, 2012 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 14th day of August, 2012.

Kim W. Michel
Signature of Agency/Official

Ferdinand J. Kleppner
NOTARY PUBLIC

Prepared by: Kim W. Michel

Title: Executive Director

Telephone No.: 504-838-5109

Date: 7-14-12

Email Address: LABEFD@pelisouth.net

Ferdinand J. Kleppner #07450
Notary, Louisiana Bar

Statement A

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
BALANCE SHEET
AS OF JUNE 30, 2012

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 8,410
Restricted Cash and Cash Equivalents	
Investments	555,742
Receivables (net of allowance for doubtful accounts)(Note U)	500
Due from other funds (Note Y)	
Due from federal government	
Inventories	
Prepayments	722
Notes receivable	
Other current assets	
Total current assets	565,374

NONCURRENT ASSETS:

Restricted assets (Note F):	
Cash	
Investments	
Receivables	
Investments	
Notes receivable	
Capital assets, net of depreciation (Note D)	
Land and non-depreciable easements	
Buildings and improvements	
Machinery and equipment	13,473
Infrastructure	
Intangible assets	
Construction/Development-in-progress	
Other noncurrent assets	
Total noncurrent assets	13,473
Total assets	\$ 578,847

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$ 21,369
Derivative instrument	
Current portion of long-term liabilities: (Note K)	
Contracts payable	
Compensated absences payable	1,969
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Pollution remediation obligation	
Bonds payable (include unamortized costs)	
Other long-term liabilities	
Total current liabilities	23,338

NONCURRENT LIABILITIES: (Note K)

Contracts payable	
Compensated absences payable	12,904
Capital lease obligations	
Bonds payable (include unamortized costs)	
OPEB payable	143,752
Other long-term liabilities	
Total noncurrent liabilities	156,656
Total liabilities	179,994

NET ASSETS

Invested in capital assets, net of related debt	13,473
Restricted for:	
Capital projects	
Debt Service	
Unemployment compensation	
Other specific purposes	
Unrestricted	385,380
Total net assets	398,853
Total liabilities and net assets	\$ 578,847

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA**Statement B****LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS****FOR THE YEAR ENDED JUNE 30, 2012****OPERATING REVENUE**

Sales of commodities and services	\$	
Assessments		
Use of money and property		
Licenses, permits, and fees		459,595
Other		
Total operating revenues		459,595

OPERATING EXPENSES

Cost of sales and services		
Administrative		460,927
Depreciation		4,488
Amortization		
Total operating expenses		465,415
Operating income(loss)		(5,820)

NON-OPERATING REVENUES (EXPENSES)

State appropriations		
Intergovernmental revenues(expenses)		
Taxes		
Use of money and property		5,058
Gain on disposal of fixed assets		
Loss on disposal of fixed assets		
Federal grants		
Interest expense		
Other revenue		591
Other expense		
Total non-operating revenues(expenses)		5,649
Income(loss) before contributions, extraordinary items, & transfers		(171)

Capital contributions		
Extraordinary item - Loss on impairment of capital assets		
Transfers in		
Transfers out		
Change in net assets		(171)
Total net assets – beginning		399,024
Total net assets – ending	\$	398,853

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Statement C

		Program Revenues		
		Operating	Capital	Net (Expense)
	Expenses	Charges for	Grants and	Revenue and
		Services	Grants and	Changes in
		Contributions	Contributions	Net Assets
Entity	\$ 465,415	\$ 459,595	\$	\$ (5,820)
General revenues:				
Taxes				
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				5,058
Miscellaneous				591
Special items				
Extraordinary item - Loss on impairment of capital assets				
Transfers				
Total general revenues, special items, and transfers				5,649
Change in net assets				(171)
Net assets - beginning as restated				399,024
Net assets - ending				\$ 398,853

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

Statement D
(continued)

Cash flows from operating activities

Cash receipts from customers	\$ 459,595	
Cash receipts from interfund services provided		
Other operating cash receipts, if any		
Cash payments to suppliers for goods or services	(252,409)	
Cash payments to employees for services	(216,920)	
Cash payments for interfund services used, including payments "In Lieu of Taxes"		
Other operating cash payments, if any		
Net cash provided(used) by operating activities		(9,734)

Cash flows from non-capital financing activities

State appropriations		
Federal receipts		
Federal disbursements		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other	591	
Net cash provided(used) by non-capital financing activities		591

Cash flows from capital and related financing activities

Proceeds from sale of bonds		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets		
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		-

Cash flows from investing activities

Purchases of investment securities	(1,490,555)	
Proceeds from sale of investment securities	934,812	
Interest and dividends earned on investment securities	5,058	
Net cash provided(used) by investing activities		(550,685)
Net increase(decrease) in cash and cash equivalents		(559,828)
Cash and cash equivalents at beginning of year		568,238
Cash and cash equivalents at end of year	\$	8,410

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

Statement D
(concluded)

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		\$	<u>(5,820)</u>
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:			
Depreciation/amortization	4,488		
Provision for uncollectible accounts			
Other			
Changes in assets and liabilities:			
(Increase)decrease in accounts receivable, net			
(Increase)decrease in due from other funds			
(Increase)decrease in prepayments	(722)		
(Increase)decrease in inventories			
(Increase)decrease in other assets			
Increase(decrease) in accounts payable and accruals	(13,711)		
Increase(decrease) in compensated absences payable	2,732		
Increase(decrease) in due to other funds			
Increase(decrease) in deferred revenues			
Increase(decrease) in OPEB payable	3,299		
Increase(decrease) in other liabilities			
Net cash provided(used) by operating activities		\$	<u>(9,734)</u>

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease(s)	\$	
Contributions of fixed assets		
Purchases of equipment on account		
Asset trade-ins		
Other (specify)		
Total noncash investing, capital, and financing activities:	\$	<u>-</u>

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2012

INTRODUCTION

The Louisiana State Board of Embalmers and Funeral Directors was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:831-861. The following is a brief description of the operation of Louisiana State Board of Embalmers and Funeral Directors and included the parish/parishes in which the Board is located:

The Louisiana State Board of Embalmers and Funeral Directors is a component unit of the State of Louisiana within the Department of Health and Hospitals and domiciled in Metairie, Louisiana. The board consists of nine members appointed by the governor. The board shall include four licensed embalmers and four licensed funeral directors, all of whom shall have had experience in their respective professions for at least five years. The board shall also include one member who shall be sixty years of age and who shall serve as a representative of the elderly consumers of Louisiana. The elderly member shall not be actively engaged in nor shall he be retired from the occupation, profession, or industry of funeral directors or embalmers. The members may receive a per diem not to exceed \$100 per meeting or day spent on business on the board, plus travel expenses. The board is charged with the responsibility of licensing and regulating embalmers, funeral directors, and funeral homes within the State of Louisiana. Operations of the board are funded through self-generated revenues.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Louisiana State Board of Embalmers and Funeral Directors present information only as to the transactions of the programs of the Board as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Louisiana State Board of Embalmers and Funeral Directors are maintained in accordance with applicable statutory provisions and the regulations of the

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2012

Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Louisiana State Board of Embalmers and Funeral Directors are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>539,560</u>
Amendments :	<u> </u>
	<u> </u>
	<u> </u>
Final approved budget	\$ <u>539,560</u>

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2012

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS.

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Louisiana State Board of Embalmers and Funeral Directors may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Board may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are required to be held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2012, consisted of the following:

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2012

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per Balance Sheet (Reconciled bank balance)	\$ 8,310	\$	\$	\$ 8,310
Deposits in bank accounts per bank	\$ 19,659	\$	\$	\$ 19,659
Bank balances exposed to custodial credit risk:	\$	\$	\$	\$
a. Uninsured and uncollateralized				
b. Uninsured and collateralized with securities held by the pledging institution				
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's				

The following is a breakdown by banking institution, program, and amount of the "Deposits in bank accounts per bank" balances shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. First NBC	Checking	\$ 19,659
2.		
3.		
4.		
4.		
Total		\$ 19,659

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	\$ -0-
Petty cash	\$ 100

2. INVESTMENTS

The Louisiana State Board of Embalmers and Funeral Directors does maintain investment accounts.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2012

Custodial Credit Risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or the counterparty's trust department or agent, but not in the entity's name. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreement are exempt from credit risk disclosure. Using the following table, list each type of investment disclosing the total carrying amounts and market values, and any amounts exposed to custodial credit risk.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name.

<u>Type of Investment</u>	<u>Unregistered, and Held by Counterparty</u>	<u>Trust Dept. or Agent Not in Entity's Name</u>	<u>Amount Per Balance Sheet</u>	<u>Fair Value</u>
Negotiable CDs	\$ _____	\$ 121,037	\$ 498,027	\$ 498,027
Repurchase agreements	_____	_____	_____	_____
U.S. Government Obligations **	_____	_____	_____	_____
U.S. Agency Obligations	_____	_____	_____	-
Corporate bonds	_____	_____	_____	_____
Mutual funds	_____	_____	_____	_____
Real estate	_____	_____	_____	_____
Other: (i dentifi y)	_____	_____	_____	_____
Accrued interest	_____	_____	_____	_____
Money market funds	_____	_____	57,715	57,715
	_____	_____	_____	_____
Total investments	\$ -	\$ 121,037	\$ 555,742	\$ 555,742

3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
Notes to the Financial Statement
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<u>Type of Debt Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater Than 10</u>
U.S. Government obligations	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Agency obligations	498,027	498,027	_____	_____	_____
Mortgage backed securities	_____	_____	_____	_____	_____
Collateralized mortgage obligations	_____	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____	_____
Other bonds (describe)	_____	_____	_____	_____	_____
Accrued interest	_____	_____	_____	_____	_____
Money market funds	57,715	57,715	_____	_____	_____
Total debt investments	\$ 555,742	\$ 555,742	\$ -	\$ -	\$ -

4. DERIVATIVES (GASB 53) – NOT APPLICABLE

5. POLICIES – NOT APPLICABLE

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2012

Schedule of Capital Assets (includes capital leases)

<u>Agency</u>	Balance 6/30/2011	Prior Period Adjustments	Restated Balance 6/30/2011	Additions	* Reclassifi- cation of CIP	** Retirements	Balance 6/30/2012
Capital assets not depreciated:							
Land	\$ -	-	\$ -	-	\$ -	\$ -	-
Non-depreciable land improvements	-	-	-	-	-	-	-
Non-depreciable easements	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-
Software - development in progress	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Total capital assets not depreciated	\$ -	-	\$ -	-	\$ -	\$ -	-
Other capital assets:							
Depreciable land improvements	\$ -	-	\$ -	-	\$ -	\$ -	-
** Accumulated depreciation	-	-	-	-	-	-	-
Total land improvements	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-
** Accumulated depreciation	-	-	-	-	-	-	-
Total buildings	-	-	-	-	-	-	-
Machinery & equipment	22,438	-	22,438	-	-	-	22,438
** Accumulated depreciation	(4,477)	-	(4,477)	(4,488)	-	-	(8,965)
Total machinery & equipment	17,961	-	17,961	(4,488)	-	-	13,473
Infrastructure	-	-	-	-	-	-	-
** Accumulated depreciation	-	-	-	-	-	-	-
Total infrastructure	-	-	-	-	-	-	-
Software (internally generated & purchased)	-	-	-	-	-	-	-
Other intangibles	-	-	-	-	-	-	-
** Accumulated amortization - software	-	-	-	-	-	-	-
** Accumulated amortization - other intangibles	-	-	-	-	-	-	-
Total intangibles	-	-	-	-	-	-	-
Total other capital assets	\$ 17,961	-	\$ 17,961	(4,488)	\$ -	\$ -	\$ 13,473
Capital asset summary:							
Capital assets not depreciated	\$ -	-	\$ -	-	\$ -	\$ -	-
Other capital assets, book value	22,438	-	22,438	-	-	-	22,438
Total cost of capital assets	22,438	-	22,438	-	-	-	22,438
Accumulated depreciation/amortization	(4,477)	-	(4,477)	(4,488)	-	-	(8,965)
Capital assets, net	\$ 17,961	-	\$ 17,961	(4,488)	\$ -	\$ -	\$ 13,473

* Should only be used for those completed projects coming out of construction-in-progress to capital assets.

** Enter a negative number except for accumulated depreciation in the retirement column

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2012

E. INVENTORIES

The Louisiana State Board of Embalmers and Funeral Directors has no inventory.

F. RESTRICTED ASSETS

The Louisiana State Board of Embalmers and Funeral Directors has no restricted assets.

G. LEAVE

1. COMPENSATED ABSENCES

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2012 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be zero. The leave payable is recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the Louisiana State Board of Embalmers and Funeral Directors are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2012

All full-time Board employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2011 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. A copy of the report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:

http://www.lasersonline.org/uploads/2011_CAFR_web_version.pdf

All members are required by state statute to contribute with the vast majority of employees of the state who became members before July 1, 2006 contributing 7.5% of gross salary. Act 75 of the 2005 Regular Session increases the member contribution rate from 7.5% to 8% for new members hired after June 30, 2006. The (BTA) is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2012, increased to 25.6% of annual covered payroll from the 22% and 18.6% required in fiscal years ended June 30, 2011 and 2010 respectively. The Board contributions to the System for the years ending June 30, 2012, 2011, and 2010, were \$42,385, \$42,750, and \$33,533, respectively, equal to the required contributions for each year.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2012

I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

1. Calculation of Net OPEB Obligation

The calculation of the net OPEB obligation at June 30, 2012 is as follows:

	Annual OPEB expense and net OPEB Obligation	6/30/2012
Fiscal year ending		
1. * ARC		\$21,500
2. * Interest on NOO		\$5,600
3. * ARC adjustment		(\$5,400)
4. * Annual OPEB Expense (1. + 2. - 3.)		\$21,700
5. Contributions (employer pmts. to OGB for retirees' cost of 2012 insurance premiums)		(\$18,401)
6. Increase in Net OPEB Obligation (4. - 5.)		\$3,299
7. *NOO, beginning of year		\$140,453
8. **NOO, end of year (6. + 7.)		\$143,752

J. LEASES

1. OPERATING LEASES

The total payments for operating leases during fiscal year June 30, 2012 amounted to \$34,279. A schedule of payments for operating leases follows:

Nature of lease	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018-2022	FY 2023-2027
Office Space	\$ 18,734	\$	\$	\$	\$	\$	\$
Equipment	276	920					
Land							
Other							
Total	\$ 19,010	\$ 920	\$ -	\$ -	\$ -	\$ -	\$ -

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2012:

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2012

	Year ended June 30, 2012			Balance June 30, 2012	Amounts due within one year
	Balance June 30, 2011	Additions	Reductions		
Notes and bonds payable:					
Notes payable	\$	\$	\$	\$ -	\$
Bonds payable				-	
Total notes and bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other liabilities:					
Contracts payable				-	
Compensated absences payable	12,141	2,732		14,873	1,969
Capital lease obligations				-	
Claims and litigation				-	
Pollution remediation obligation				-	
OPEB payable	140,453	3,299		143,752	
Other long-term liabilities				-	
Total other liabilities	<u>152,594</u>	<u>6,031</u>	<u>-</u>	<u>158,625</u>	<u>1,969</u>
Total long-term liabilities	\$ <u>152,594</u>	\$ <u>6,031</u>	\$ <u>-</u>	\$ <u>158,625</u>	\$ <u>1,969</u>

L. CONTINGENT LIABILITIES

There are no contingent liabilities at June 30, 2012.

M. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

N. ACCOUNTING CHANGES

There were no accounting changes made during the year.

O. IN-KIND CONTRIBUTIONS

There were no in-kind contributions.

P. DEFEASED ISSUES

There were no defeased issues.

Q. REVENUES – PLEDGED OR SOLD (GASB 48)

There were no pledged or sold revenues.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2012

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

There were no government-mandated nonexchange transactions.

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

There were no violations of finance-related legal or contractual provisions.

T. SHORT-TERM DEBT

There was no short-term debt at June 30, 2012.

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2012, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
Enterprise Fund	\$	\$	\$	\$ 500	\$ 500
Gross receivables	\$ -	\$ -	\$ -	\$ 500	\$ 500
Less allowance for uncollectible accounts					
Receivables, net	\$ -	\$ -	\$ -	\$ 500	\$ 500
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	\$ -

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2012, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Enterprise	\$ 13,683	\$ 7,686	\$	\$	\$ 21,369
					-
Total payables	\$ 13,683	\$ 7,686	\$ -	\$ -	\$ 21,369

W. SUBSEQUENT EVENTS

There financial statements considered subsequent events through August 13, 2012, the date the financial statements.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2012

X. SEGMENT INFORMATION

There was no segment information.

Y. DUE TO/DUE FROM AND TRANSFERS

There were no due to/due from and transfers.

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

There were no liabilities payable from restricted assets.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

There were no prior year restatements of net assets.

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46)

There were no net assets restricted by enabling legislation.

CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES

There were no impairments of capital assets or insurance recoveries.

DD. EMPLOYEE TERMINATION BENEFITS

There were no employee termination benefits.

EE. POLLUTION REMEDIATION OBLIGATIONS

There were no pollution remediation obligations.

FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

There were no ARRA revenue or expenses.

GG. RESTRICTED NET ASSETS – OTHER SPECIFIC PURPOSES

There were no restricted net assets for other specific purposes.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
JUNE 30, 2012

Name	Amount
<u>Louis Charbonnet, III</u>	\$ <u>400</u>
<u>Craig G. Gill</u>	<u>2,400</u>
<u>Andrew W. Hayes</u>	<u>1,400</u>
<u>Wall V. Mc Kneely</u>	<u>700</u>
<u>Patrick Sanders</u>	<u>700</u>
<u>Belva M. Pichon</u>	<u>700</u>
<u>Kelly Rush</u>	<u>1,300</u>
<u>Margaret Shehee</u>	<u>1,800</u>
<u>Paul Castille</u>	<u>1,500</u>
 Total	 \$ <u><u>10,900</u></u>

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
SCHEDULE OF NOTES PAYABLE
JUNE 30, 2012 –
NOT APPLICABLE

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____

*Send copies of new amortization schedules

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
SCHEDULE OF BONDS PAYABLE
JUNE 30, 2012 –
NOT APPLICABLE**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
Series:							
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Unamortized Discounts and Premiums Series:							
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____

***Note: Principal outstanding (bond series minus unamortized costs) at 6/30/12 should agree to bonds payable on the Statement of Net Assets.**

Send copies of new amortization schedules for bonds and unamortized costs.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 2012 –
NOT APPLICABLE

Fiscal Year Ending:	Payment	Interest	Principal	Balance
2013	\$ _____	\$ _____	\$ _____	\$ --
2014	_____	_____	_____	--
2015	_____	_____	_____	--
2016	_____	_____	_____	--
2017	_____	_____	_____	--
2018-2022	_____	_____	_____	--
2023-2027	_____	_____	_____	--
2028-2032	_____	_____	_____	--
2033-2037	_____	_____	_____	--
Total	\$ <u> -- </u>	\$ <u> - </u>	\$ <u> -- </u>	\$ <u> -- </u>

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
SCHEDULE OF NOTES PAYABLE AMORTIZATION
For the Year Ended June 30, 2012 –
NOT APPLICABLE

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ _____	\$ _____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018-2022	_____	_____
2023-2027	_____	_____
2028-2032	_____	_____
2033-2037	_____	_____
Total	\$ _____ --	\$ _____ --

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 2012-
NOT APPLICABLE

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ _____	\$ _____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
2033	_____	_____
2034	_____	_____
2035	_____	_____
2036	_____	_____
2037	_____	_____
Subtotal	_____ --	_____ --
Unamortized Discounts/Premiums	_____	_____
Total	\$ _____ --	\$ _____ --

SCHEDULE 4-C

STATE OF LOUISIANA

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than **\$3 million**, explain the reason for the change.

	<u>2012</u>	<u>2011</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ <u>465,244</u>	\$ <u>467,450</u>	\$ <u>(2,206)</u>	\$ <u>(.47%)</u>
Expenses	<u>465,415</u>	<u>563,093</u>	<u>(97,678)</u>	<u>(17.35%)</u>
2) Capital assets	<u>13,473</u>	<u>17,691</u>	<u>(4,218)</u>	<u>(23.84%)</u>
Long-term debt	<u></u>	<u>-</u>	<u>-</u>	<u></u>
Net Assets	<u>398,853</u>	<u>399,024</u>	<u>(171)</u>	<u>(.0004%)</u>
Explanation for change:	<u></u>			
	<u></u>			
	<u></u>			
	<u></u>			

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS

TOTAL